

Message Text

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ACTION AF-18

INFO OCT-01 ARA-16 EUR-25 EA-11 NEA-14 ISO-00 AEC-11

AID-20 CEA-02 CIAE-00 CIEP-03 COME-00 DODE-00 EB-11

FPC-01 H-03 INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01

PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

FRB-03 FEA-02 PA-04 PRS-01 USIA-15 DRC-01 /238 W

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R 091530Z SEP 74

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 5929

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

USINT ALGIERS

USMISSION OECD PARIS

C O N F I D E N T I A L LAGOS 8478

E.O.: 11652: GDS

TAGS: ENRG, NI

SUBJ: NIGERIAN OIL PRODUCTION NEAR MAXIMUM DESPITE SOME
GOVERNMENT RESTRICTION

REF: A. LAGOS 6994

B. LAGOS 7592

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1. AT THEIR MONTHLY MEETING SEPTEMBER 5, PRODUCING OIL COMPANY

MANAGERS COMPARED NOTES ON CURRENT EFFECT OF FMG'S NEW CRITERIA FOR DETERMINING ALLOWABLE RATES OF PRODUCTION FROM NEW OIL RESERVOIRS (REFTELS). SHELL-BP REPORTED THAT 40,000 BARRELS PER DAY CURRENTLY AFFECTED, I.E. SINCE MID-JULY FMG HAS DENIED SHELL-BP'S APPLICATIONS FOR THIS MUCH ADDITIONAL PRODUCTIVE CAPACITY. SHELL-BP SPOKESMAN SAID CONSERVATIONS MIGHT JUSTIFY SOME OF THE PRODUCTION RATE RESTRAINTS, BUT COMPANY BELIEVED A DECISIONS AFFECTING 30,000 B/D UNJUSTIFIED AND WAS SEEKING FMG RECONSIDERATION. MOBILE SAID THE RECENT DECISIONS HAD SO FAR AFFECTED ONLY ONE MOBILE FIELD, AND PRODUCTION LOSSES DID NOT EXCEED 4,000 B/D. GULF DID NOT GIVE A FIGURE BUT SAID ITS LOSSES WERE NOT GREATER THAN MOBIL'S AGIP/PHILLIPS AND ELF SAID THEY HAD NOT YET BEEN AFFECTED BY THE NEW CRITERIA.

2. NIGERIAN CRUDE OIL PRODUCTION AVERAGED 2,196,329 B/D IN JULY, ABOUT 140,000 B/D BELOW RECORD MONTH OF JUNE DUE TO TECHNICAL REASONS (REF B). ACCORDING PRELIMINARY FIGURES, PRODUCTION AVERAGED 2,309,000 B/D IN AUGUST, SECOND HIGHEST RATE IN HISTORY AND ONLY 27,000 B/D BEHIND JUNE. WELL-PLACE INDUSTRY CONTACT DENIES THAT ANY COMPANY DELIBERATELY HAS HELD BACK ON PRODUCTION FOR MARKETING REASONS (AS REPORTED IN PIW AUG. 26). PRODUCTION CURRENTLY RUNNING AT OR NEAR CAPACITY -- EXCEPT OF COURSE FOR THE NEW "ALLOWABLES" (PAR 1) AND FOR TEMPORARY TECHNICAL REASONS. AGIP/PHILLIPS, FOR EXAMPLE, IS CURRENTLY CUT BACK BECAUSE HOSE RUPTURED AT MARINE LOADING BUOY AND TERMINAL STORAGE INSUFFICIENT TO PERMIT NORMAL PRODUCTION.

3. FYI, SHELL-BP ANNOUNCED THAT THE SEPTEMBER 6 MEETING THAT ITS ENTIRE PRODUCTION WILL BE SHUT DOWN FOR FIVE DAYS AT END SEPTEMBER OR EARLY OCTOBER TO PERMIT PIPELINE MAINTENANCE. IF ALL FIVE DAYS FALL IN SAME MONTH, MONTHLY AVERAGE FOR TOTAL PRODUCTION WILL BE ABOUT 250,000 B/D BELOW NORMAL.
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